

COMMUNIQUE ON WARRANTS AND CERTIFICATES (VII-128.3)

(Published in the Official Gazette edition 28761 on 10.09.2013)

FIRST PART

Purpose, Scope, Grounds, Definitions and Abbreviations

Purpose and Scope:

ARTICLE 1 – (1) The purpose of this Communiqué is to set down principles with regard to issue of covered warrants and certificates and corporate warrants to be listed and traded in stock exchange, their characteristics, and principles with regard to trading of them, without prejudice to stock exchange regulations pertaining thereto.

Grounds:

ARTICLE 2 – (1) This Communiqué is prepared and issued in reliance upon article 5, and subparagraph I of first paragraph of Article 128, and third paragraph of Article 130, of the Capital Markets Law no. 6362 dated 6/12/2012.

Definitions and Abbreviations:

ARTICLE 3 – (1) For the purposes and in the context of this Communiqué:

- a) **“Surplus value”** refers to an amount to be calculated by the issuer and paid to the holder of covered warrant or certificate, upon knock-out of covered warrants or certificates, providing that it is specified so in prospectus or issue document; and
- b) **“Barrier”** refers to the price or value level at which covered warrants or certificates become null and void as determined for underlying asset or underlying indicator by the issuer or which may be used for a different purpose, providing that it is specified so in prospectus or issue document by the issuer, with regard to covered warrants or certificates subject to knockout; and
- c) **“Stock exchange”** refers to and stands for stock exchange defined in subparagraph (ç) of first paragraph of Article 3 of the Law; and
- ç) **“Underlying indicator”** refers to stock indices created by the stock exchange and indicators mentioned in ninth paragraph of Article 4 hereof; and
- d) **“Underlying asset”** refers to shares included in BIST-30 index and/or a basket composed of several shares included in BIST-30 index, and assets referred to in ninth paragraph of Article 4 hereof; and
- e) **“Rating agency”** refers to rating agencies founded in Turkey and authorized by the Board for rating activities within the framework of regulations of the Board pertaining to rating activities and rating agencies in capital markets, and international rating agencies accepted by the Board for rating activities in Turkey; and

- f) **“Issuer”**, as for covered warrants and certificates, refers to banks and intermediary institutions seated in Turkey or abroad and corporations mentioned in third and fourth paragraphs of Article 4 hereof which are granted a long-term rating equivalent to the highest first three steps of investable level according to the rating scale of rating agencies, depending upon demand, and as for corporate warrants, refers to corporations shares of which are listed and traded in stock exchange or which have filed an application for listing; and
- g) **“Relevant capital market instrument”** refers to a capital market instrument issued by the issuer through public offering concurrently with the issue of corporate warrants; and
- ğ) **“Discount certificate”** refers to a type of capital market instrument which enables its holder to invest in a particular underlying asset or indicator with a particular discount over its market value until or on the due date thereof, and where, in consideration of such discount, the investor waives in advance from a portion of upward performance of the underlying asset or indicator in excess of a predetermined maximum price or value; and
- h) **“Law”** refers to and stands for the Law no. 6362 dated 6/12/2012; and
- ı) **“Board”** refers to and stands for the Capital Markets Board; and
- İ) **“CRA”** refers to and stands for Central Registry Agency Co., Inc.; and
- j) **“Knockout”** refers to loss of value and nullification and invalidation in certain types of covered warrants or certificates, in case the price of underlying asset or the value of underlying indicator reaches, exceeds or remains below a level (barrier) predetermined by the issuer; and
- k) **“Corporation”** refers to a joint-stock company; and
- İ) **“Corporate warrant”** refers to a type of capital market instrument which enables its holder to demand one of the settlement methods defined in Article 17 hereof with regard to shares of an issuer subject to authorized capital system the shares of which are or will be listed and traded in stock exchange or with regard to shares of any corporation the shares of which are listed and traded in stock exchange, until or at the due date thereof, and which is issued by issuers at the time of public offering of the relevant capital market instrument; and
- m) **“Market maker”** refers to a stock exchange member intermediary institution authorized by the stock exchange and liable to give quotation, in order to ensure honest, regular, proper and effective operation of market in covered warrants and certificates under its responsibility and to contribute to creation of a liquid and permanent market; and
- n) **“TTC”** refers to and stands for the Turkish Commercial Code no. 6102 dated 13/1/2011; and
- o) **“Turbo certificate”** refers to a type of capital market instrument which is dependent upon price of underlying asset or value of underlying indicator, and which grants to its holder a right of repayment in an amount to be calculated over the difference between final value of underlying asset or indicator and its strike price already disclosed to public, until or at the due date thereof; and
- ö) **“Warrant”** refers to covered warrants and corporate warrants; and
- p) **“Certificate”** refers to Turbo certificates and discount certificates and other types of certificates permitted to be issued by the Board; and
- ı) **“Covered warrant”** refers to a type of capital market instrument which grants to its holder a right to purchase or sell the underlying asset or indicator at a predetermined price until or at a particular date, where this right is used through dematerialized delivery or cash settlement; and

- s) “**Authorized institution**” refers to intermediary institutions and investment and development banks authorized by the Board to intermediate sales in public offering of capital market instruments.

SECOND PART

General Provisions Regarding Warrants and Certificates and Principles on Issuance

Principles on Issuance of Covered Warrants and Certificates:

ARTICLE 4 – (1) Covered warrants and certificates may be issued for sales through or without public offering. However, covered warrants and certificates cannot be sold through private placement at home.

(2) Covered warrants and certificates may be issued by banks and intermediary institutions seated in Turkey or abroad which are granted a long-term rating equivalent to the highest first three steps of investable level according to the rating scale of rating agencies, depending upon demand.

(3) Banks or intermediary institutions resident in Turkey without a long-term rating as mentioned in the second paragraph hereinabove may issue covered warrants or certificates, providing that their obligations and liabilities arising out of issuance are guaranteed by banks or intermediary institutions meeting this condition.

(4) In place of banks and intermediary institutions seated in Turkey or abroad which are granted a long-term rating equivalent to the highest first three steps of investable level according to the rating scale, depending upon demand of rating agencies, the covered warrants or certificates may also be issued by another corporation which is a member of a group of companies, as defined in TCC, covering the said bank or intermediary institution as well, but which is not named or termed as a bank or intermediary institution. However, in this case, all liabilities and obligations arising out of issuance are required to be guaranteed by bank or intermediary institution which is granted a long-term rating equivalent to the highest first three steps of investable level according to the rating scale, depending upon demand.

(5) In issuance of covered warrants or certificates to be realized within the frame of third and fourth paragraphs hereinabove, issuer and guarantor are held jointly liable and responsible for performance of all obligations arising out of issuance. To this end, issuer and guarantor are required to give a written letter of undertaking to the Board.

(6) Applications of institutions resident abroad for issuance of warrants and certificates are evaluated on the condition of establishment of a sufficient information flow between the Board on one side and the concerned authority of home country of issuer and/or guarantor on the other side.

(7) At the time of application for issuance, the documents proving that the rating is current are required to be submitted by the issuer to the Board, and the rating agency is required to regularly review and revise the information underlying the rating at any time when it is required to update the rating pursuant to the regulations of the Board pertaining to rating activities and rating agencies in capital markets, and in any case, at least once a year during the maturity of covered warrants and certificates.

(8) During sales of covered warrants or certificates, in case the rating of issuer or guarantor falls below the rating specified in this Article, then the issue of covered warrants and certificates is stopped by the issuer. If the issuer fails to stop or delays in stopping the issuance, such issuance is stopped by the Board, and the Board does not permit issuance of new covered warrants and certificates. Covered warrants and certificates which have already been issued and are being traded continue to be traded.

(9) If deemed fit by the Board, other than the underlying assets and indicators defined in Article 3 hereinabove, other assets and indicators such as government debt securities which are issued by the Treasury Undersecretariat and are listed and traded in stock exchange, convertible foreign currencies, precious metals, commodities, and indices generally and internationally accepted to be valid, may also be based upon by covered warrants or certificates.

(10) Prospectus to be used in issuance of covered warrants or certificates is required to be prepared so as to be composed of more than one document. Whenever this Communiqué refers to a prospectus to be prepared so as to be composed of more than one document and to be submitted to the Board within the framework of regulations of the Board pertaining to preparation of prospectuses, the provisions of such regulations will be complied with by considering that prospectus comprises more than one document.

Principles on Issuance of Corporate Warrants:

ARTICLE 5 – (1) For issuance of corporate warrants, the articles of association of the issuer must contain a provision authorizing to do so, and the general assembly of shareholders of the issuer must have decided on issue. Said general assembly decision must have been taken in accordance with provisions of Article 418 of TCC, unless heavier quorums are required as per the articles of association with a clear reference to the rate thereof. The authorization to issue corporate warrants may be transferred to the board of directors by articles of association. Corporate warrants may be issued as written on the issuer's own shares, only if the issuer is subject to authorized capital system.

(2) Corporate warrants may be issued by corporations, the shares of which are or will be listed and traded in stock exchange, at the time of public offering of capital market instruments, as written on the issuer's own shares or on shares of another corporation, the shares of which are listed and traded in stock exchange, for delivery through rights issue or bonus issue to investors purchasing the said capital market instruments. However, providing it is stated so in the prospectus, twenty-five percent of total nominal value of corporate warrants to be issued for sale through rights issue may be offered for sale without public offering. In this case, issue document is not given separately together with prospectus. Investors buying the corporate warrants to be offered for sale without public offering will not be obliged to buy the relevant capital market instruments. Maturity of corporate warrants offered for sale without public offering cannot be less than one year.

(3) In the case of issuance of corporate warrants for delivery through bonus issue, they are required to be given to investors purchasing the relevant capital market instruments in proportion to capital market instruments purchased by them.

(4) In the case of issuance of corporate warrants for delivery through rights issue together with the relevant capital market instrument, purchase of the relevant capital market instrument by an investor does not require purchase of such corporate warrants as well. In this case, corporate warrants which cannot be sold during the period of sales of the relevant capital market instrument are cancelled.

(5) Providing that it is stated so in the prospectus, corporate warrants may be subject to early redemption depending upon demand of issuer. In this case, the prospectus should contain conditions of early redemption, and should clearly state how the obligations arising out of corporate warrants will be performed.

(6) Issuers intending to offer their shares to public for the first time may issue only corporate warrants written on their own shares.

(7) If the relevant capital market instrument is a share, these shares are required to be issued through capital increase.

General Principles Relating to Warrants and Certificates:

ARTICLE 6 – (1) All warrants and certificates, including covered warrants and certificates to be sold to qualified investors, are required to be sold through authorized institutions and to be listed and traded in stock exchange. Covered warrants and certificates are traded in stock exchange on the basis of market making. Corporate warrants are sold through the authorized institution which intermediates public offering of the relevant capital market instrument.

- (2) Maturity of warrants and certificates to be issued cannot be less than two months and more than five years. The provisions of second paragraph of Article 5 hereof are, however, reserved.
- (3) Period of sales of covered warrants and certificates is freely determined by the issuer, providing that it does not exceed maturity. Corporate warrants may be sold throughout the period of sales of the relevant capital market instrument.
- (4) First day the covered warrants and certificates are offered for sale, and as for corporate warrants, first day the relevant capital market instrument is offered for sale will be accepted and treated as the maturity starting date.
- (5) Nominal value of warrants and certificates cannot be less than one kurush.
- (6) In issuance of covered warrants and certificates where underlying asset is a share included in BIST-30 index or a basket composed of more than one share included in BIST-30 index and where method of settlement is chosen as dematerialized delivery, the shares to be given against covered warrants and certificates to be issued cannot be more than twenty percent of all shares actually in circulation. Said limit is not applicable in issuance of covered warrants and certificates where method of settlement is chosen as cash settlement.
- (7) It is required to apply the cash settlement principles in issuance of covered warrants and certificates where underlying asset or indicator is one of the assets or indicators other than a share included in BIST-30 index or a basket composed of more than one share included in BIST-30 index.
- (8) In issuance of covered warrants and certificates, issuers cannot use shares representing their own capital as an underlying asset.
- (9) The Board may determine a general limit of issuance of warrants and certificates. In this case, limits of issuance determined for issuer will also be valid for guarantor.
- (10) If the issuer of warrants and certificates is resident abroad, in evaluation of an application filed to the Board, the regulations of the Board pertaining to foreign capital market instruments are also applied.

Principles on Preparation of Prospectus or Issue Document and on Approval by Board:

ARTICLE 7 – (1) Prospectus or issue document relating to covered warrants and certificates or prospectus relating to the relevant capital market instrument are required to be prepared and submitted to the Board for approval within the frame of relevant regulations of the Board. In issuance of corporate warrants, a separate prospectus is not issued specifically for them. Prospectus prepared with regard to the relevant capital market instrument also contains required information about corporate warrants.

- (2) Application to be filed to the Board for approval of prospectus or issue document relating to covered warrants and certificates or prospectus relating to the relevant capital market instrument, containing information also about corporate warrants, are required to be made within three months following the date of decision of the authorized body.
- (3) Prospectus to be prepared with respect to the relevant capital market instrument must contain not only information about the relevant capital market instrument, but also such information as characteristics and risks, and period of use, and principles of issuance, of corporate warrants to be issued, and the rights provided by them to investors, and procedures and principles of use of these rights, and actions to be taken upon changes in the share on which corporate warrants are written.
- (4) Prospectus relating to covered warrants and certificates must contain such information as financial situation, scope and results of activities of issuer and if any, guarantor, and risk management policy with regard to risks exposed to by the issuer due to issuance of covered warrants and certificates, and if any, principles of guarantee, and risks, characteristics and sales principles of the issued covered warrants and certificates, and actions to be taken upon changes in underlying asset and/or indicator, and principles of disclosure of market price of

underlying asset and/or indicator to public during the maturity, and actions to be taken upon changes in barrier of covered warrants and certificates subject to knockout, and provisions relating to knockout and surplus value payments, and maximum price or value of underlying asset or indicator in discounted certificates, and principles as to market making and settlement method.

Application to Board for Issuance of Warrants and Certificates, and Required Documents:

ARTICLE 8 – (1) After an authorized body decision is taken with respect to issuance of warrants and certificates pursuant to their articles of association or if any, their own specific laws, the issuers file an application to the Board:

- a) for approval of prospectus or issue document relating to covered warrants and certificates, with documents and submittals listed in ANNEX 1; and
- b) for approval of prospectus relating to the relevant capital market instrument also containing information about corporate warrants, with documents and submittals listed in ANNEX 2; and
- c) if they are resident at home, for approval of issue document relating to issuance of covered warrants and certificates to be sold at abroad, with documents and submittals listed in ANNEX 3.

(2) The information and documents required to be submitted to the Board for approval of prospectus relating to the relevant capital market instrument by the Board are required to be prepared within the framework of relevant regulations of the Board.

(3) If and to the extent a decision or approval of another body or authority is required for issuance of warrants and certificates by issuers pursuant to their specific laws and regulations, this decision or approval must have been taken at the time of application.

(4) In public offerings to be made throughout the validity period of prospectus relating to covered warrants and certificates, issuers will, no earlier than five business days prior to the date of sales scheduled for sales of each tenor remaining within the issue ceiling, apply to the Board for approval of securities note or final terms, together with documents listed in ANNEX 4.

(5) In sales of covered warrants and certificates to qualified investors at home or in issuance at abroad, following delivery to the issuer of an issue document approved by the Board, the issuer applies to the Board for approval of tenor issue document for sales of each tenor, remaining within the issue ceiling decided by the Board.

(6) In the case of renunciation from sales of covered warrants and certificates the prospectus or issue document of which is approved, or from sales of the relevant capital market instrument the prospectus of which is approved, it is immediately notified to the Board.

Principles on Trading in Stock Exchange of and in Intermediation Activity on Covered Warrants and Certificates:

ARTICLE 9 – (1) Covered warrants and certificates, also including covered warrants and certificates sold to qualified investors, are traded in the relevant market to be deemed fit by the stock exchange upon approval of the Board and within the framework of trading principles to be determined pursuant to the stock exchange laws and regulations. For trading of to-be-issued covered warrants and certificates in stock exchange, an application is filed by issuer to stock exchange.

(2) In the event that some of the issued corporate warrants are sold without public offering, said corporate warrants may also be listed and traded in stock exchange without being subject to limitations of number of investors as stipulated in the Board regulations pertaining to sales of capital market instruments.

(3) Intermediation activities for trading of covered warrants and certificates are carried out by intermediary

institutions, holding an operating license of trading brokerage, within the framework of the Board regulations pertaining to institutions authorized on investment services and activities. Before executing a transaction or entering into a contract with their customers with respect to covered warrants and certificates, the intermediary institutions are required to use a risk statement form relating to covered warrants and certificates, the contents of which are determined by the Capital Markets Association of Turkey, and which describes the operating principles of and the rights and obligations associated to covered warrants and certificates, and risks of related transactions, and to give a copy of this form to their customers.

(4) Principles relating to delisting of covered warrants and certificates listed and traded in stock exchange are determined by stock exchange.

(5) In the case of issuance of corporate warrants through bonus issue, the base price of the first day of trading of corporate warrants in stock exchange will be determined pursuant to the relevant exchange regulations.

Public Disclosure:

ARTICLE 10 – (1) Upon any change in barrier level or upon occurrence of knockout with respect to covered warrants and certificates subject to knockout or with respect to rights represented by covered warrants and certificates due to changes in shares on which corporate warrants are written or in underlying asset and/or indicator because of capital increase or dividend payment or similar other reasons relating to covered warrants and certificates issued via public offering, such events are required to be disclosed by the issuer to public within the framework of regulations of the Board pertaining to public disclosure of material events.

(2) Issuers are liable to perform their public disclosure obligations arising out of this Article in accordance with pertinent regulations of the Board. However, if the issuer of covered warrants and certificates is resident abroad, material events occurring under this article are disclosed to public through market maker within the framework of regulations of the Board pertaining to public disclosure of material events. Public disclosures of material events published through market maker are also published in the issuer's internet website within two business day.

Dematerialized Issuance and Notification to CRA:

ARTICLE 11 – (1) Covered warrants and certificates to be issued at home are required to be issued on dematerialized basis in electronic media via CRA, and the rights associated thereto are required to be pursued on the basis of right holders.

(2) Covered warrants and certificates to be issued at abroad are required to be issued on dematerialized basis in electronic media via CRA, and the rights associated thereto are required to be pursued. Covered warrants and certificates to be issued at abroad may be kept collectively in CRA without opening a separate account in the name of each right holder, depending on the kind of issuer or CRA member.

(3) The Board may, upon demand of issuer, grant an exemption from the obligation of issuance on dematerialized basis via CRA of covered warrants and certificates to be issued at abroad.

(4) If covered warrants and certificates are not issued on dematerialized basis via CRA pursuant to the preceding third paragraph, information about issue amount, date of issue, ISIN code, maturity starting date, maturity, custodian, issue currency and jurisdiction of issue and other important details relating to such capital market instruments to be issued at abroad will be transmitted to CRA within three business days following the date of issue. In the case of a change in any of such information provided to CRA, such change is also notified to CRA within three business days following the date of change.

Other Provisions:

ARTICLE 12 – (1) Relevant regulations of the Board will be applicable with respect to contents, preparation, approval, publishing, registration and announcement of prospectus and issue document, and financial statements

to be included in prospectus, and changes in prospectus, and responsibility for prospectus and issue document, and advertisements and announcements to be published by issuers, and principles of issuance and sales of covered warrants and certificates, and financial reporting, independent audit and public disclosure obligations and liabilities of issuers, and other matters not covered by this Communiqué.

(2) If the issuer of covered warrants and certificates is resident abroad, the place of publishing of prospectus is registered in trade registry of market maker, and notification and advertisement obligations relating to financial reporting are performed through market maker.

THIRD PART

Special Provisions on Covered Warrants and Certificates

Market Making in Issuance of Covered Warrants and Certificates:

ARTICLE 13 – (1) At the time of application to be filed to the Board for approval by the Board of prospectus or issue document relating to covered warrants and certificates, also including covered warrants and certificates to be sold to qualified investors, the issuer chooses and appoints an intermediary institution as market maker, and names it to the Board.

- (2) Throughout this duty, market makers are required:
- a) to hold an operating license for portfolio intermediation activities; and
 - b) to have submitted to the Board a special-purpose independent audit report to be issued on yearly basis within the framework of regulations of the Board pertaining to independent audit standards with respect to modus operandi and compliance of internal control systems with procedures.

Intermediary institutions meeting the conditions specified in this paragraph may act as a market maker for covered warrants and certificates issued by themselves.

(3) A contract delineating the scope and conditions of market making is signed by and between issuer and market maker. As a part of market making, and for the sake of liquidity, market maker is under obligation to permanently give trading quotations within the frame of the relevant market regulations. The obligation to give trading quotations abolishes upon occurrence of force majeure events or extraordinary situations defined in stock exchange laws and regulations. Market maker notifies this event immediately to stock exchange.

(4) Principles of market making are determined by stock exchange.

(5) If and when the activities and operations of market maker are permanently or temporarily suspended by approval of the Board, or the Board determines that market maker has lost conditions of market making, or market maker is replaced because of just causes approved by the Board, then and in this case, the issuer chooses an intermediary institution meeting the conditions specified in this Article as market maker and names it to the Board within three business days. Unless stated otherwise by the Board within five business days, the relevant intermediary institution is appointed as a market maker.

Liabilities of Market Maker in Issuance of Covered Warrants and Certificates:

ARTICLE 14 – (1) Issuer shows maximum care and diligence in choosing an intermediary institution as market maker. Market maker is liable and responsible for transactions of trading of covered warrants and certificates, and for relations established with customers with regard to such transactions. Issuer is engaged in the required monitoring and control activities aimed at ensuring that market maker acts prudently in its market making activities. Issuer and market maker cannot insert or incorporate clauses eliminating or diminishing the liabilities set forth in this paragraph in contracts to be signed with each other or with customers.

(2) If the issuer is resident abroad, issuer and market maker are jointly liable and responsible for making the required public disclosures of material events, and for independent audit and announcement of financial statements and reports, and for delivery of information and documents requested by the Board to the Board or to stock exchange, pursuant to and under this Communiqué.

(3) If the issuer is resident abroad, notices to be sent by the Board to the issuer may also be delivered through market maker.

(4) Issuer and intermediary institution chosen as market maker reserve their rights of recourse to each other pursuant to the applicable laws and the relevant agreement.

Knockout in Covered Warrants or Certificates:

ARTICLE 15 – (1) In covered warrants and certificates subject to knockout, if and when the price of underlying asset or the value of underlying indicator reaches or exceeds the predetermined barrier within the maturity of the relevant covered warrants and certificates, then and in this case, relevant covered warrants and certificates become null and void. In this case, relevant covered warrants and certificates are terminated by issuer without any payment or against payment of a surplus value close to zero.

(2) Upon occurrence of knockout, surplus value is transferred to investor in accordance with the pertinent stock exchange regulations.

(3) Principles as to delisting of knocked-out covered warrants and certificates are determined by stock exchange.

Fee for Covered Warrants and Certificates:

ARTICLE 16 – (1) Fee relating to covered warrants and certificates is calculated as detailed below:

- a) Prior to delivery of approved prospectus or issue document, issuers deposit in the Board's account a fee equal to zero-point two percent of nominal value of relevant covered warrants and certificates up to the issue ceiling.
- b) No fee is charged at the stage of approval by the Board and delivery to issuer of securities notes or final terms or tenor issue document to be issued for sales of each tenor of covered warrants and certificates.
- c) Six months after the date of offering of covered warrants and certificates for sales:
 - 1) numbers of covered warrants and certificates in circulation as will be calculated in each trading day during this period by considering the end-of-day netted balances are compared, and the day of highest number of covered warrants and certificates in circulation is accepted and treated as "maximum circulation day"; and
 - 2) average of weighted average prices of covered warrants and certificates in each trading day during this period is accepted and treated as "sales price"; and
 - 3) amount found by deduction of nominal value from sales price of covered warrants and certificates is accepted and treated as "corrected sales price".

Trading days when covered warrants and certificates are not priced are not taken into consideration in determination of sales price.

- 4) Issuers deposit in the Board's account within six business days following the end of six-months' period a fee equal to zero-point two percent as calculated over the amount found by multiplication of

corrected sales price by number of covered warrants and certificates in maximum circulation day. A copy of each of the relevant advice notes and calculation matrix is sent to the Board in the same day.

- ç) Semi-annually following completion of transactions which are described in the preceding subparagraph (c):
- 1) Number of covered warrants and certificates in maximum circulation day valid for the related period is compared to number of covered warrants and certificates in maximum circulation day valid for the previous period.
 - 2) If the comparison reveals an increase in number of covered warrants and certificates in maximum circulation day as regards the previous period, the number of covered warrants and certificates as of that day is this time compared to number of covered warrants and certificates the fee of which is previously paid.
 - 3) In case of determination of increase also as regards the number of covered warrants and certificates the fee of which is previously paid, the difference thereof is multiplied by the corrected sales price valid for the relevant period, and a fee equal to zero-point two percent as calculated over the resulting amount is deposited by issuers in the Board's account within six business days following the end of the relevant period. A copy of each of the related bank receipt and calculation matrix is sent to the Board in the same day.
- (2) Transactions referred to in subparagraph (ç) of first paragraph are executed at the end of maturity if the end of maturity of relevant covered warrants and certificates does not coincide with six months' periods, or as of the date of knockout in case of knockout of covered warrants and certificates subject to knockout.
- (3) Stock exchange and CRA records are taken as a base in determination of sales price and maximum circulation day.
- (4) It is the responsibility of issuer to calculate and deposit the Board's fee.

FOURTH PART

Special Provisions on Corporate Warrants

Settlement Methods and Right of Use:

ARTICLE 17 – (1) Right of use on corporate warrants is used by applying the following methods:

- a) Settlement through dematerialized delivery;
- b) Settlement by shares; and
- c) Cash settlement.

The issuer may make the application of any one of these settlement methods obligatory, providing that it is specified so in the prospectus issued about public offering of the related capital market instrument.

- (2) Right of use may be used during maturity or at the end of maturity of corporate warrants, providing that it is specified so in the prospectus.
- (3) In the case of application of method of settlement by dematerialized delivery, the right of use refers to the right of corporate warrant holder to purchase the shares, on which corporate warrants are written, at a predetermined strike price and over a predetermined rate of use.
- (4) In the case of application of method of settlement by shares, the right of use refers to the right of corporate warrant holder to demand from the issuer in the form of shares the difference between strike price of the shares, on

which corporate warrants are written, and their market price, as detailed in the prospectus, at a predetermined strike price and over a predetermined rate of use.

(5) In the case of application of method of cash settlement, the right of use refers to the right of corporate warrant holder to demand the issuer to pay in cash the difference between strike price of the shares, on which corporate warrants are written, and their market price, as detailed in the prospectus, at a predetermined strike price and over a predetermined rate of use.

(6) Prospectus to be issued about public offering of relevant capital market instrument gives detailed information about period and principles of use of corporate warrants, and when the right of use arises, and which settlement method or methods will be applied for corporate warrants to be issued, and principles of settlement.

(7) Corporate warrants included in the issuer's portfolio cannot be the subject matter of the right of use.

Period of Use:

ARTICLE 18 – (1) Period of use indicates the validity time of the right of use.

(2) Where the right of use is allowed to be used at the end of maturity of corporate warrants, the period of use starts in the first business day following the end of maturity of corporate warrants and cannot be less than five business days or more than ten business days. Where the right of use is allowed to be used during maturity of corporate warrants, the prospectus to be issued with respect to public offering of the relevant capital market instrument will indicate what the period of use is and when it will start.

Strike Price and Rate of Use:

ARTICLE 19 – (1) Strike price is the price required to be paid by corporate warrant holder for one share if and when it uses its right to purchase shares on which corporate warrants are written. Strike price determined at the public offering stage for corporate warrants offered for sale without public offering pursuant to second paragraph of Article 5 hereof cannot be less than public offering price of the relevant capital market instrument.

(2) Rate of use refers to the number of shares to be given to investor against each corporate warrant if and when the corporate warrant holder uses its right to purchase shares on which corporate warrants are written.

(3) Rate of use cannot be changed throughout maturity of corporate warrants. Furthermore, in the case of transactions affecting the price per share, on which corporate warrants are written, due to capital increase/reduction, dividend payment, merger or similar other reasons during the maturity, the corrected prices are used in determination of strike price. Principles of correction of strike price are required to be set down in the prospectus to be issued with respect to public offering of the relevant capital market instrument.

(4) Strike price re-calculated as per the preceding third paragraph is disclosed by issuer to public through a public disclosure of material events.

Principles on Modus Operandi of Right of Use of Corporate Warrants Written on Issuer's Own Shares, and principles on Capital Increase by Issuer:

ARTICLE 20 – (1) Where the right of use is allowed to be used at the end of maturity of corporate warrants, the following principles and rules will be applied:

- a) In settlement by dematerialized delivery and settlement by shares methods, the issuer is under obligation to file an application to the Board no later than forty-five days prior to starting date of period of use for approval of issue document relating to shares to be issued due to capital increase by private placement towards corporate warrant holders. As for the said application, the number of shares to be issued is

determined assuming that the rights of use relating to all corporate warrants will be used by settlement by dematerialized delivery method.

- b) In settlement by dematerialized delivery and settlement by shares methods, for the sake of use of the right of use, the issuer makes a public disclosure of material events no later than fifteen days prior to starting date of period of use. This public disclosure of material events should contain the information on period of use, places of application, and other details relating to the right of use. Throughout the period of use, corporate warrant holders wishing to use their rights of use furnish their requests to issuer through authorized institution. Issuer takes necessary actions and measures for facilitation of such notification.
 - c) In settlement by dematerialized delivery method, during the period of use, the issuer makes a capital increase of an amount representing the number of shares required to be given against the rate of use to the requesting corporate warrant holders, and issues its shares by private placement towards these holders against strike price. In settlement by shares method, during the period of use, the issuer makes a capital increase of an amount equal to the difference between strike price of shares, on which corporate warrants are written, and their market price as detailed in the prospectus, towards the requesting corporate warrant holders, over the strike price and the rate of use, and issues its shares by private placement towards these holders. Concurrently with depositing in the relevant investor's account of the shares issued by issuer as a result of capital increase by private placement, the corporate warrants of requesting holders held with CRA, and the shares remaining in the possession of the issuer as of the end of the right of use due to non-use of the right of use will be cancelled.
 - ç) After execution of the said procedures, transactions for completion of capital increase are realized in accordance with procedures and principles set forth in the Board regulations pertaining to issuance of shares.
- (2) In case the right of use is allowed to be used during maturity of corporate warrants, the following principles and rules will be applied:
- a) In the case of use of the rights of use of corporate warrants by application of any one of settlement by dematerialized delivery or settlement by shares methods, the shares to be allocated to corporate warrant holders are kept ready for transfer to be realized under the right of use through full restriction of preemptive rights of shareholders on newly issued shares before approval by the Board of the prospectus to be issued for public offering of the relevant capital market instrument. In this case, the issuer is under obligation to file an application to the Board for approval of issue document relating to shares to be issued due to capital increases by private placement towards corporate warrant holders. As for the said application, the number of shares to be issued is determined assuming that the rights of use relating to all corporate warrants will be used by settlement by dematerialized delivery method.
 - b) Shares kept ready by the issuer for delivery to corporate warrant holders and pursued in the corporation's account held with CRA are transferred, as a requirement of the right of use, by the issuer in accordance with the principles set forth in the prospectus to be issued for public offering of the relevant capital market instrument.
 - c) Said shares are transferred, as a requirement of the right of use, by the issuer within the frame of primary market transactions in the market where they are traded in stock exchange. However, post-transfer swap obligation is fulfilled with these shares.
 - d) Information about the results of transfer, as a requirement of the right of use, of shares kept ready by the issuer for delivery to corporate warrant holders is disclosed by the issuer to public through a public disclosure of material events within three business days following the end of every month. Furthermore, within three business days following the end of the period of transfer of shares kept ready for transfer as a requirement of the right of use, results of all transfers executed during the period of use are disclosed by the issuer to public through a public disclosure of material events.
 - e) Process of transfer regarding the shares kept ready by the issuer for delivery to corporate warrant holders

ends upon completion of the period set down for the right of use in the prospectus to be issued for public offering of the relevant capital market instrument, and unsold shares are cancelled. Within ten business days following the end of the period set down for the right of use in the prospectus to be issued for public offering of the relevant capital market instrument, an application is filed to the Board for approval of draft amendment notes prepared about "capital" article of the articles of association showing the issued capital by considering the amount of sold shares. Draft amendment notes of that article are registered within fifteen business days after receipt of approval from the Board.

- (3) It is the responsibility of issuer to perform all transactions relating to corporate warrants, also including capital increase, in time and completely in accordance with prospectus and other public disclosures.
- (4) Capital increase relating to the issued corporate warrants cannot be conducted by the issuer in such manner to cause loss of rights and interests by the corporation and its existing shareholders.
- (5) Where the right of use is allowed to be used at the end of maturity of corporate warrants, at a time close to the end of maturity of corporate warrants, or where the right of use is allowed to be used during maturity of corporate warrants, throughout the maturity, actions for increasing circulation through capital increase, split-up, introduction to circulation of corporate shares not listed and trading in stock exchange, or sale of shares by shareholders holding management control of the corporation, or similar other actions should not be taken with the intention of precluding the corporate warrant holders from using their rights of use by causing the fall of market price of corporate shares below their strike price. However, actions leading to such results may be taken and performed through enabling the corporate warrant holders to use their rights of use by cash settlement method before that action. Legal requirements relating to capital increase, and provisions of the share issuance regulations of the Board pertaining to issuance of shares kept ready for sales are, however, reserved.
- (6) Where the right of use is allowed to be used at the end of maturity of corporate warrants, at a time close to the end of maturity of corporate warrants, or where the right of use is allowed to be used during maturity of corporate warrants, throughout the maturity, actions for reducing circulation through capital reduction, repurchase by the corporation of its own shares, or purchase of shares by shareholders holding management control of the corporation, or similar other actions should not be taken with the intention of enabling the corporate warrant holders to use their rights of use by causing the market price of corporate shares to exceed their strike price.
- (7) All expenses relating to the transactions to be executed under this Article will be borne and paid by the issuer.

Principles on Right of Use of Corporate Warrants Written on Shares of Another Corporation the Shares of Which are Listed and Traded in Stock Exchange, and Principles on Shares To Be Provided by Issuer as a Requirement of Right of Use:

ARTICLE 21 – (1) Information as to how the issuer will procure the shares required to be given to corporate warrant holders as a requirement of the right of use is required to be provided and described in the prospectus to be issued for public offering of the relevant capital market instrument.

- (2) For the sake of use of the right of use, the issuer makes a public disclosure of material events no later than fifteen days prior to starting date of period of use. This public disclosure of material events should consist of the information about the period of use, places of application, and other details relating to the right of use. Throughout the period of use, corporate warrant holders wishing to use their rights of use furnish their requests to issuer through authorized institution. Issuer takes necessary actions and measures for facilitation of such notification.
- (3) In settlement by dematerialized delivery method, during the period of use, the issuer provides the requesting corporate warrant holders with shares being the subject matter of the right of use with strike price. In settlement by shares method, during the period of use, the issuer by taken into account the strike price and the rate of use provides with shares of an amount corresponding to the difference between strike price of shares, on which corporate warrants are written, and their market price as detailed in the prospectus, towards the requesting corporate warrant holders. Concurrently with depositing in the relevant investor's account of the said shares, the

corporate warrants holders held with CRA will be cancelled upon request.

(4) It is the responsibility of issuer to perform completely and timely all transactions relating to corporate warrants, also including procurement of shares being the subject matter of the right of use, in accordance with prospectus and other public disclosures.

(5) All expenses relating to the transactions to be executed under this Article will be borne and paid by the issuer.

Right of Priority in Allocation of Shares:

ARTICLE 22 – (1) Shares representing the increased capital of issuer and to be issued as a requirement of the right of use of corporate warrants written on the issuer's own shares will be allocated to corporate warrant holders in priority to all priorities, also including the preemptive rights granted to shareholders on newly issued shares by Article 461 of TCC.

(2) In capital increases to be executed by the issuer with respect to the right of use of corporate warrants written on the issuer's own shares, the periods for starting and completion of sales in private placement sales as stipulated in the relevant regulations of the Board are not required to be complied with.

Termination of Right of Use and Specific Circumstances Relating to Obligations Arising Out of Corporate Warrants:

ARTICLE 23 – (1) Rights of corporate warrant holders who do not use their rights of use in spite of fulfillment of all obligations by the issuer terminate at the end of the period of use, and such corporate warrants are cancelled.

(2) In the case of dissolution without liquidation of the issuer by becoming a party to any merger or takeover transaction at any time during maturity of corporate warrants, the issuer's obligations arising out of the previously issued corporate warrants are passed to and assumed by transferee or newly founded corporation.

(3) The prospectus to be issued for public offering of the relevant capital market instrument indicates what will be done with corporate warrants in the case of dissolution of the issuer by liquidation at any time during maturity of corporate warrants.

Fee For Corporate Warrants:

ARTICLE 24 – (1) Before delivery of a Board-approved prospectus relating to the relevant capital market instrument, the issuers are required to deposit in the Board's account a fee to be calculated:

- a) over nominal value of corporate warrants to be given through bonus issue;
- b) over issue price, not being less than nominal value, of corporate warrants to be sold through rights issue.

(2) Fee for corporate warrants is calculated over the rates stipulated in regulations of the Board pertaining to debt instruments.

FIFTH PART

Other Provisions

Transactions With Issuer and Related Parties:

ARTICLE 25 – (1) In warrants and certificates issued through public offering, buying and selling transactions executed with such warrants and certificates by issuer, or persons having administrative responsibility in the issuer, or parties closely related to them, or related parties defined in the financial reporting regulations of the Board, are disclosed to public on daily basis, while other transactions executed by market maker are disclosed to public on weekly basis, in accordance with regulations of the Board pertaining to public disclosure of material events. If the issuer is at the same time market maker, it is sufficient to disclose the executed transactions to public on weekly basis.

(2) Trading orders given by persons referred to in the first paragraph with respect to covered warrants and certificates are transmitted to stock exchange through market maker.

Conclusion by Board of Applications Relating to Similar Capital Market Instruments:

ARTICLE 26 – (1) Applications for approval by the Board of a prospectus or an issue document relating to capital market instruments to be accepted by the Board to be similar to covered warrants and certificates will be concluded and responded through application of the pertinent provisions of this Communiqué by analogy.

Repealed and Superseded Communiqués:

ARTICLE 27 – (1) The Communiqué on Principles of Listing and Trading of Corporate Warrants (Serial III, No. 36) published in the Official Gazette edition 27117 dated 21/1/2009, and the Communiqué on Principles of Listing and Trading of Warrants of Intermediary Institutions (Serial III, No. 37) published in the Official Gazette edition 27295 dated 21/7/2009 are hereby repealed and superseded.

(2) All references made in other regulations of the Board to the Communiqué on Principles of Listing and Trading of Corporate Warrants (Serial III, No. 36), and to the Communiqué on Principles of Listing and Trading of Warrants of Intermediary Institutions (Serial III, No. 37) will be deemed to have been made to this Communiqué.

Conclusion of Pending Applications:

TEMPORARY ARTICLE 1 – (1) All applications which have not yet been decided by the Board's Decision Making Organ as of the effective date of this Communiqué will be concluded and responded according to the provisions of this Communiqué.

Effective Date:

ARTICLE 28 – (1) This Communiqué becomes effective as of the date of publishing.

Enforcement:

ARTICLE 29 – (1) The provisions of this Communiqué will be enforced and executed by the Board.

ANNEX 1

**DOCUMENTS REQUIRED TO BE SUBMITTED FOR APPROVAL OF PROSPECTUS OR
ISSUEDOCUMENT WITH RESPECT TO COVERED WARRANTS OR CERTIFICATES (*)**

- (1) Information about the issuer's trade title, nationality, address of registered offices, capital, date of foundation, fields of business, shareholding structure and board of directors; and
- (2) Issuer's articles of association, signed by its authorized signatories, containing all kinds of current amendments or additions thereto, combined in a single text; and
- (3) Authorized body decision relating to issuance of covered warrants or certificates; and
- (4) If the relevant legislation requires a decision or approval of other authorities regarding the issuance of covered warrants or certificates, a document containing this decision or approval; and
- (5) Name, position and contact information of persons authorized to act for and on behalf of issuer, market maker, authorized institution and if any, guarantor and other relevant institutions and entities; and
- (6) A statement to be given by board of directors or by persons authorized to represent the issuer, as to whether there are encumbrances restricting the transfer or circulation of covered warrants or certificates or preventing the holder thereof to use its rights, and whether they are restricted by a right of usufruct or not; and
- (7) A copy of each of market maker agreement, brokerage agreement, and if any, guarantee agreement and other agreements entered into with respect to the planned issuance, and information introducing the parties thereto, and signature circulars of parties thereto certified by relevant authorities; and
- (8) Statement of the issuer verifying that the decisions of the Board will be complied with if and when the agreements terminate before the end of their terms and a new agreement cannot be signed with another intermediary institution, and statement of board of directors or of persons authorized to represent the issuer, certifying that the obligations of the parties arising out of the agreement will remain in effect within the frame thereof until completion of transactions deemed necessary by the Board; and
- (9) Report about principles and methods used in calculation of the specified sales price; and
- (10) For issuances through public offering, financial statements to be included in prospectus, and recent interim financial statements issued and disclosed to public at a time close to the date of application, and for issuances through sales to qualified investors, the last annual and last interim financial statements audited by an independent audit firm; and
- (11) Rating report about issuer or if any, guarantor; and
- (12) In issuances with a guarantor, a letter to be addressed to the Board and the issuer with regard to the guarantee, and a copy, certified by concerned authorities, of decision of authorized organ of the guarantor legal entity with regard thereto; and
- (13) Motivation behind the sale of covered warrants or certificates in Turkey, and purpose of use of the funds and proceeds of issuance; and
- (14) For issuances through public offering, a prospectus prepared in accordance with the pertinent regulations of the Board, and for issuances through sales to qualified investors, an issue document; and
- (15) A statement to be given by authorized organ of parties to agreement or by persons authorized to represent the issuer, verifying that it is accepted that the Turkish laws will be applicable on merits and procedures of,

and the Turkish Courts and Execution Offices will have jurisdiction in resolution of, all kinds of disputes that may arise out of or in connection with legal kind, issuance and sales of covered warrants or certificates to be sold pursuant to the provisions of this Communiqué, and guarantor and market maker agreements and other agreements relating to the planned issuance; and

- (16) A letter issued by the relevant Bank to the Board verifying that a special account is opened therein for deposit of worth of covered warrants or certificates; and
- (17) If deemed necessary by the Board, documents confirming the information, and other documents that may be requested by the Board.

(*) Said information and documents are not required to be separately sent to the Board in writing, if they are already announced in PDP, and it is stated by the issuer that they are current and valid.

ANNEX 2

**INFORMATION AND DOCUMENTS
TO BE ATTACHED TO AN APPLICATION FOR ISSUANCE OF CORPORATE
WARRANTS**

- (1) Authorized body decision regarding the issuance of corporate warrants; and
- (2) A letter of undertaking to be given by the board of directors to corporate warrant holders wishing to use their rights of use of corporate warrants at the end of or during maturity of corporate warrants, verifying that a capital increase by private placement will be carried out; and (*)
- (3) Report for determination of strike price and rate of use; and
- (4) Information about principles of change of strike price; and
- (5) In the case of issuance of corporate warrants through rights issue, a report regarding the determination of the sales price, and information about purpose of use of funds and proceeds of issue, and a letter issued by the relevant Bank to the Board verifying that a special account is opened therein for deposit of worth of corporate warrants; and
- (6) If deemed necessary by the Board, documents confirming the information, and other documents that may be requested by the Board.

(*) Is not requested in issuance of corporate warrants written on shares of another corporation.

ANNEX 3

**DOCUMENTS REQUIRED TO BE SUBMITTED FOR ISSANCE
OF COVERED WARRANTS OR CERTIFICATES TO BE SOLD
ABROAD**

- (1) Information about the issuer's trade title, nationality, address of registered offices, paid capital, date of foundation, fields of business, shareholding structure and board of directors; and
- (2) Issuer's articles of association, signed by its authorized signatories, containing all kinds of current amendments or additions thereto, combined in a single text; and
- (3) Authorized body decision regarding the issuance of covered warrants or certificates; and
- (4) If the relevant legislation requires a decision or approval of other authorities with respect to issuance of covered warrants or certificates, a document containing this decision or approval; and
- (5) A copy of each of all agreements entered into with respect to the planned issuance of covered warrants or certificates, and notary-certified signature circulars of issuer and if any, authorized institution; and
- (6) Last annual and last interim financial statements; and
- (7) Rating report about issuer or if any, guarantor; and
- (8) Information about principles of sales and if any, guarantee of covered warrants or certificates; and
- (9) Motivation behind the issuance of covered warrants or certificates, and purpose of use of the funds and proceeds of issuance; and
- (10) Issue document prepared in accordance with the pertinent regulations of the Board; and
- (11) If deemed necessary by the Board, documents confirming the information, and other documents that may be requested by the Board.

(*) Said information and documents are not required to be separately sent to the Board in writing, if they are already announced in PDP, and it is stated by the issuer that they are current and valid.

ANNEX 4**INFORMATION AND DOCUMENTS TO BE SENT TO THE BOARD BEFORE EACH
ISSUANCE DURING THE VALIDITY TIME OF PROSPECTUS IN ISSUANCES OF
COVERED WARRANTS OR CERTIFICATES**

- (1) Final terms or securities note and summary prepared in accordance with the pertinent regulations of the Board; and
- (2) If any change is required in information given in issuer registration document or public offering program prospectus, the relevant texts of change, and if no change is required, a relevant statement to be given by the issuer in connection therewith; and
- (3) A copy of public offering intermediation agreement signed with authorized institutions appointed for sales. However, if the intermediation agreement which has previously been sent to the Board is still valid and no change is made therein, the agreement is not required to be re-sent. In this case, a statement of the issuer is adequate; and
- (4) If deemed necessary by the Board, documents confirming the information, and other documents that may be requested by the Board.